GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:228
ANSWERED ON:14.03.2016
Exports from SEZs
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the exports from the Special Economic Zones (SEZs) have declined during the last three years and the current year and if so, the details thereof and the reasons therefor along with the steps taken to boost exports from SEZs;

(b) whether the Export Promotion Council for Export Oriented Units and SEZs have shown their concern over failure to resolve the issues and if so, the details thereof;

(c) whether the imposition of Minimum Alternate Tax/Dividend Distribution Tax on SEZs has dented the investor friendly image of SEZs and has affected the growth, investments, employment and exports from SEZs and if so, the details thereof along with the corrective measures taken by the Government in this regard; and

(d) whether the Government has given more time to the developers of SEZs to complete their projects and if so, the details thereof along with the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

a) to d): A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 228 FOR ANSWER ON 14TH MARCH, 2016 REGARDING "EXPORTS FROM SEZS"

(a): Exports from the Special Economic Zones (SEZs) during the last three years and current financial year exports from the SEZs are as under:

Years Exports
(Rs. in crore) Growth/decline over previous year
2012-2013 4,76,159 31%
2013-2014 4,94,077 4%
2014-2015 4,63,770 -6.13%
2015-2016
(April to December, 2015) 3,41,685
-1.89% (corresponding period of previous financial year 2014-15)

(b): Export Promotion Council for EoUs and SEZs (EPCES) has been undertaking several activities for enhancing exports as well as resolving issues concerning EoUs and SEZs. During the year 2015-16, a number of meetings with Hon'ble Minister, Commerce and Industry and Senior Officers of Department of Commerce have been held to resolve the issues concerning to SEZs.

(c): Ministry of Finance has withdrawn the exemption from Minimum Alternate Tax (MAT) to SEZ Developers and Units with effect from 1st April, 2012, and also the exemption of Dividend Distribution Tax (DDT) in the case of SEZ Developers under the Income-tax Act for dividends declared, distributed or paid after 1st June, 2011. Details on investment made, employment generated and exports from SEZs during the last three years and current financial year is shown below:

Financial Year(s) Investment*
(Rs. in crore) Employment*
(Persons) Exports
(Rs. in crore)
2012-13 2,36,717 10,74,904 4,76,159
2013-14 2,96,663 12,83,309 4,94,077
2014-15 3,38,794 14,42,316 4,63,770
2015-16
(April to December, 2015) 3,73,446 15,56,537 3,41,685

* calculated on cumulative basis.

In order to boost exports from SEZs Government periodically reviews the policy and operational framework of SEZs and takes necessary measures so as to facilitate speedy and effective implementation of SEZs. Review meetings with the Development Commissioners of SEZs are held regularly. Further, open house meetings with SEZ stakeholders, Road Shows have been organised in various places of the country to give wide publicity of SEZs.

(d): In terms of Rule 6(2)(a) of the Special Economic Zones Rules, 2006, the letter of approval granted to a SEZ developer is valid for a period of three years within which time effective steps are to be taken by the developer to implement the approved proposal. The Board of Approval (BoA) may, on an application by the developer, extend the validity period of the letter of approval. Some SEZs developers have sought extension of validity period of the letter of approval granted to them for the execution of their projects for various reasons including adverse business climate due to global recession, delay in approvals from statutory State Government bodies, delay in environmental clearance, lack of demand for space in SEZs, unstable fiscal incentive regime for SEZs etc. During the last three years and current financial year (upto February, 2016), BoA has granted more time to 132 developers of SEZ across the country to complete their projects.

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